

0007ANG  
51240  
MADE IN USA

OLD FANG  
51240  
MADE IN U.S.A.

S  
351.5  
J1jrai  
1992-

MONTANA STATE LIBRARY  
S 351.5 J1jrai c.1  
Judges' Retirement System, State of Mont



3 0864 00082313 1

**JUDGES' RETIREMENT SYSTEM**  
**STATE OF MONTANA**  
**ACTUARIAL INFORMATION REQUIRED UNDER GASB #5**  
**AS OF JUNE 30, 1992**

STATE DOCUMENTS COLLECTION

JUN 1 1992

MONTANA STATE LIBRARY  
1515 E. 6th AVE.  
HELENA, MONTANA 59620

**Hendrickson, Miller**  
**& Associates, Inc.**  
ACTUARIAL CONSULTANTS



Judges' Retirement System  
State of Montana  
Actuarial Information Required under GASB #5  
As of June 30, 1992



# Judges' Retirement System

## Table of Contents

	Page
Actuarial Certification	1
Section A - Plan Description	2
Section B - Related Party Disclosures	2
Section C - Funding Status and Progress	3
Section D - Actuarially Determined Contribution Requirements and Contributions Made	4
Section E - Trend Information	5
Summary of Benefit Provisions	6

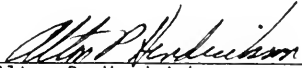




## Judges' Retirement System

### Actuarial Certification

This report presents actuarial information required under Statement No. 5 of the Government Accounting Standards Board. The results presented in this report were determined with generally accepted actuarial principles and techniques, and are in compliance with our understanding of GASB #5.

  
Alton P. Hendrickson  
Member, American Academy of  
Actuaries



## Judges' Retirement System

### Section A

#### Plan Description

- |    |    |                 |              |
|----|----|-----------------|--------------|
| 1. | A. | Covered Payroll | \$ 2,686,371 |
|    | B. | Total Payroll   | \$ 2,686,371 |

2. As of June 30, 19 92 statewide membership in the Judges' Retirement System consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	31
---	----

Terminated Employees Entitled to But Not Yet Receiving Benefits	4
---	---

Total Inactives	35
-----------------	----

Current Employees:

Vested	29
Not Vested	14

Total Current Employees	43
-------------------------	----

Total Membership	78
------------------	----

A summary of benefit provisions is attached as Appendix 1, and a summary of the membership can be found in the July 1, 1992 actuarial valuation.

3. Benefit and contribution provisions are established by state law and may be amended only by the State of Montana legislature.

### Section B

#### Related Party Disclosures

Hendrickson, Miller & Associates, Inc. is under contract with the Judges' Retirement System to provide actuarial and consulting services with regard to the retirement plan.



# Judges' Retirement System

## Section C

### Funding Status and Progress

1. The last actuarial valuation of this system was performed as of July 1, 1992.
2. The following assumptions were used in calculation of the pension benefit obligation:

Rate of Return on Investment of Present and Future Assets - 8%  
Projected Salary Increases - Inflation - 6.5%  
Projected Salary Increases - Merit - None  
Changes in Post-Retirement Benefit - 6.5%

The assumptions used in these calculations are the same as the assumptions stated in the report on the actuarial valuation of the Judges' Retirement System as of July 1, 1992.

3. Actuarial Present Value of Projected Benefits:

#### Inactives:

Retirees and beneficiaries	\$ 9,660,539	
Other terminated employees	1,510,208	
	-----	
Total inactives		\$ 11,170,747

#### Current employees:

Accumulated employee contributions	\$ 1,812,497	
Employer financed vested	8,353,284	
Employer financed nonvested	1,173,821	
	-----	
Total current employees		\$ 11,339,602

Total Pension Benefit Obligation		\$ 22,510,349
----------------------------------	--	---------------

#### Net Assets Available for Benefits:

Cost	\$ 15,929,246	
Market	\$ 17,354,405	
	-----	

Total Unfunded Pension Benefit Obligation	\$ 6,581,103	
---	--------------	--

There were no changes in the actuarial assumptions during the past year



## Judges' Retirement System

### Section D

#### Actuarially Determined Contribution Requirements

#### And Contributions Made

The Judges' Retirement System funding policy provides for periodic employer and employee contributions at rates specified by state law. The contribution requirement is not actuarially determined; however, an actuary does determine the actuarial implications of the funding requirement in a biennial actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the entry age normal funding method, with both the normal cost and the amortization of the unfunded accrued liability determined as a level percentage of payroll.

Contributions to the system for the year ending June 30, 1992 were as follows:

	Amount	% of Compensation
	-----	-----
Employer	\$ 149,077	5.55%
Employee	174,072	6.48
Court Fees	577,689	21.50
	-----	-----
Total	\$ 900,838	33.53%

These contributions are applied as follows:

	Amount	% of Compensation
	-----	-----
Normal Cost	\$ 1,105,442	41.15%
Amortization of Unfunded Liability	0	0
	-----	-----
Total	\$ 900,838	33.53%

During the past year, no changes were made in the method used to calculate or establish contribution requirements. The change in the law affecting benefits is described in Section C.





# Judges' Retirement System

## Section E

### Trend Information

	As of June 30		
	1992	1991	1990
Net assets available for benefits as % of PBO	70.8%	69.5%	71.7%
Unfunded PBO as % of annual covered payroll	245.0%	262.6%	231.9%
Employer contributions as % of annual covered payroll	6.00%	6.00%	6.00%

Employer contributions have been made according to state law, and have been determined to be adequate for funding of the system by biennial actuarial valuations, as described in Section D.



## Judges' Retirement System

### Appendix 1

#### Summary of Plan Provisions

Employee Contributions -	7% of member's compensation.
State Contributions -	6% of members' compensation.
Court Contributions -	34.71% of member's compensation plus 1/4 of supreme court fees.
Retirement Benefit -	<p>Eligibility: Age 65 and 5 years of service.</p> <p>Normal Form: Life payments with a death benefit equal to the present value of the benefit at retirement less payments made up to the date of death.</p> <p>Benefit: 3.333% of the final compensation for each of the first 15 years of service and 1.785% for each additional year.</p>
Disability Benefit -	<p>Service Disability: 50% of final compensation.</p> <p>Nonservice Disability: If after age 60, then the accrued benefit. If prior to age 60, then the actuarial equivalent of the accrued benefit based on retirement at age 65.</p>
Death Benefit -	<p>Service Death: Accrued benefit commencing at time of death.</p> <p>Nonservice Death: Actuarial equivalent of the accrued benefit based on retirement at age 65.</p>
Termination Benefit -	Prior to 5 years of service, return of member contributions. After 5 years, the member may elect to receive the accrued benefit at age 65.
Benefit Adjustments -	Retirement benefits are increased at the same rate compensation is increased to active members.



MADE IN U.S.A.

51240

0061AND

MADE IN U.S.A.

51240

000 TANG